Westports Holdings (WPRTS MK)

4QFY25: Address Yard Congestion For Medium-Term Growth

Highlights

- **2025 profits beat consensus forecasts (and in line with ours).** While a 3% volume growth and container yield/VAS income expansion (due to tariff hike) were expected, WPRTS demonstrated resilient cost control despite encountering unprecedented port congestions, where yard density in end-Dec 25 surged to 102% (2025: 85%; vs terminal utilisation of 82%)
- **Growth depends on addressing yard congestion.** WPRTS maintains a medium-term volume growth guidance of 5% p.a. until 2028 (when CT10 of WP2 is expected to startup), and a guidance that existing CT1-9 terminals (of 13.7m capacity) can handle up to 12.5m TEUs (or 92% utilisation). Management targets a 5% upgrade in total ground slots (TGS) by 3Q26. The last TGS expansion boosted capacity by 12%, and was completed in 4Q21 for over RM100m. Retain HOLD with a higher target price of RM5.75.

4Q25 Results

Year to 31 Dec (RMm)	4Q FY25	qoq % chg	yoy % chg	Ytd FY25	yoy % chg	Remarks
Operating Revenue	**1,060.6**	**41.0**	**57.0**	**3,125.0**	**33.3**	**4Q25 qoq/ yoy volume growth: +1%/+1%**
- Container	566.0	2.5	10.8	2,122.0	8.8	4Q25 qoq/ yoy transhipment: +5%/+6%
- Conventional	48.0	2.1	17.1	168.0	7.7	4Q25 qoq/ yoy gateway: -5%/-6%
EBIT	**378.4**	**0.5**	**13.6**	**1,391.4**	**16.5**	**4Q25 qoq/ yoy yield growth: +2%/ +10%**
Operating margin (%)	35.7%	-14.4%	-13.6%	44.5%	-6.4%	Yield boost due to 15% tariff hike eff Jul 25
Net finance cost	(28.8)	6.1	16.7	(102.2)	83.2	Also, VAS mix improved to 24.1%, vs 22.3%
JV/associates	1.1	(226.2)	(123.2)	3.0	na	In 2024. VAS mix is over container revenue
PBT	350.7	0.6	15.5	1,292.3	13.5	
Tax	(77.6)	0.1	65.0	(294.0)	22.1	Yard congestion surged to 85% vs 83% yoy
Net Profit	273.1	0.7	6.4	998.3	11.2	Exclude RM10m receivables impairment
Core Profit	**283.8**	**6.2**	**10.6**	**1,010.8**	**12.6**	

Source: Westports Holdings (WPRTS), UOB Kay Hian

Analysis

- **2025 profit beat consensus expectation (and met ours),** comprising 103%/106% of our/consensus forecasts respectively. Westports Holdings (WPRTS) achieved a commendable 3% volume growth, with 2025 transhipment/gateway growths of +7%/-2% respectively, despite encountering unprecedented port congestions. Average container yields expanded 5% yoy, since the partial tariff hike effective Jul 25. Higher storage charges have not fulfilled its objective as container average dwell time actually surged yoy. As a result, VAS revenue mix still grew 2ppt yoy. Offsetting the tariff/VAS effects were a higher mix of empty TEUs handled at 30% (due to restow demand in early-25), and lower gateway volumes due to tighter regulatory enforcement on cargoes linked to the illegal e-waste black market.

Key Financials

Year to 31 Jan (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	2,281	2,552	2,683	2,855	3,000
EBITDA	1,449	1,690	1,794	1,927	2,030
Operating profit	1,194	1,403	1,505	1,619	1,701
Net profit (rep./act.)	893	1,010	1,080	1,160	1,210
Net profit (adj.)	893	1,010	1,080	1,160	1,210
EPS	26.2	29.6	31.7	34.0	35.5
PE	23.3	20.6	19.3	18.0	17.2
P/B	5.5	5.0	4.7	4.4	4.1
EV/EBITDA	14.2	12.8	11.8	10.8	10.8
Dividend yield	3.2	3.6	3.9	4.2	4.3
Net margin	39.4	39.3	40.3	40.6	40.3
Net debt/(cash) to equity	7.8	2.9	6.7	9.0	11.2
Interest cover	26.0	16.5	16.2	15.9	14.6
ROE	30.5	32.1	33.2	34.1	34.0
Consensus net profit	-	-	1,167	1,167	-
UOBKH/Consensus (x)	-	-	0.98	1.00	-

Source: Westports, Bloomberg, UOB Kay Hian

HOLD (Maintained)

Share Price	RM6.11
Target Price	RM5.75
Upside	-5.8%
Previous TP	RM5.55

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Stock Data

GICS Sector	Industrials
Bloomberg ticker	WPRTS MK
Shares issued (m)	3,422.0
Market cap (RMm)	20,911.0
Market cap (US$m)	4,878.0
3-mth avg daily t'over (US$m)	3.9

Price Performance (%)

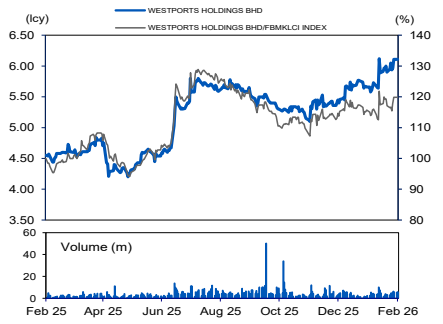
52-week high/low RM6.12/RM4.05

1mth	3mth	6mth	1yr	YTD
8.3	17.8	7.8	32.0	7.8

Major Shareholders

	%
Gnanalingam Family	45.5
SouthPort	23.6
KWAP	6.1

Price Chart



Source: Bloomberg

Company Description

An integrated facility situated at the Port Klang, Malaysia's premier port. It offers container-handling services, whereby volumes are in the twenty-foot equivalent units (TEU). WPRTS also offers value-added services (VAS) supporting container handling. VAS services include storage, reefer, container freight, and removal. Westports 2 (WP2) expansion will nearly double its capacity to 28m TEUs, covering container terminals (CT)10-17

- **Marginal impact from 4Q25 yard congestion,** despite having yard density as high as 102% in Dec 25 until mid-Jan 26, due to vessel bunching compounded by a heavy discharge (relative to loading) of containers, with average move count increasing from 900-1,000 moves previously to 1,250-1,350 moves per vessel. Heavy discharge of boxes directly increases dwell times in the port and impacts productivity on a yard that is already congested. However, as there were no notable spikes in 4Q25 opex, we believe WPRTS had taken sufficient and disciplined countermeasures to maintain its execution. Management guided that yard density has normalised to 70%, consistent with Kuehne+Nagel's report on Port Klang's yard density at 83%.
- **2026 key growth driver is to address the real bottleneck – yard congestion.** WPRTS maintains its guidance that CT1-9 (which are of 13.8m TEU capacity) can handle 12.0-12.5m TEUs (implying 87-91% utilisation, vs 82% in 2025). WPRTS guides 5% volume growth p.a. until 2H28 (the expected startup of CT10). The key driver to this volume growth is to alleviate the constraint on container storage or yard density (higher vs terminal utilisation at 85% and at times reaching 102%). Hence, aside from RM0.8b capex for WP2 dredging, we estimate a further RM50m-60m capex for additional yard capacity, reflected as 5% of TGS by 3Q26.

Valuation/Recommendation

- **Retain HOLD with a higher SOTP-based target price of RM5.75 (from RM5.55).** Premised on DCF until 2070 horizon (ie partial WPRTS 2 expansion), this implies a 18x 2026F PE and 11x EV/EBITDA. We see a fair-risk reward, after accounting WPRTS' defensive advantage to benefit from Malaysia's 19% reciprocal tariff from the US, the port tariff hike. The CK Hutchison global port assets sale (including its stake in WPRTS), which was valued at a premium 13.5x EV/EBITDA (implying WPRTS share price of RM7.00), may be the recent driver of WPRTS' share price. In this case, we advise investors to trade and take profit cautiously.

Earnings Revision/Risk

- **Upgrade 2026-27 earnings by 1%.** Our volume growth assumptions are 4%/5%/3% for 2026/27/28 respectively.
- **Risks.** The high-yield gateway volume peaked at 4.9m TEUs in 2024, and likely 4-5% of that was unsustainable, illegal cargoes for e-waste, scrap iron and metal imports. Malaysia, being a signatory to the Basel Convention, continues to curtail illegal e-waste operations. While this is a step in the right direction, WPRTS is unable to guide on the exact timeline/quantum to purge this volume.

Share Price Catalysts

- **Additional RM0.2b equity funding headroom.** A recent Edge article highlighted that WP2 requires just RM0.4b equity from the DRP to fund WP2, leaving about RM0.2b available for additional investments. Hence, WPRTS is still a prime beneficiary of M&A opportunities, particularly with the addition of its new subsidiary Westports International SB. While WPRTS favours brownfield ports within ASEAN region, there are no M&A targets at this juncture.

Environment, Social, Governance (ESG) Updates

- **Westports' commitment to adopt automation**. On 17 Apr 25, WPRTS launched its state-of-the-art Automated Gate System (AGS). Tests revealed that the AGS was able to cut processing time from 40-60 seconds (export) to <15 second (all). This underscores its commitment to digital transformation and sustainable port operations, aligning with the relevant United Nation Sustainable Development Goals (UN SDG):
- **Goal 8: Decent work and economic growth.** Automation boosts operational efficiency and reduce costs.
- **Goal 9: Industry, innovation and infrastructure.** Foster innovation and modernisation of port operations
- **Goal 11: Sustainable cities and communities.** Efficient cargo movement reduces congestion and emissions, and improves urban logistics
- **Goal 12: Responsible consumption and production.** Reduces resource waste through automation and improving process accuracy

Volume Performance By Trade Routes

Container m TEU	4Q25	4Q24	% YoY	% Split
Transhipment	1.71	1.61	6%	59.0%
Gateway / OD	1.19	1.27	-6%	41.0%
Total TEUs^	**2.90**	**2.87**	**1%**	**100%**
Intra-Asia	1.79	1.86	-4%	61.7%
Asia-Europe	0.50	0.41	22%	17.3%
Asia-America	0.27	0.26	3%	9.2%
Asia-Australasia	0.20	0.22	-8%	7.0%
Asia-Africa	0.05	0.05	-11%	1.7%
Others				

Source: WPRTS

COGS Breakdown

Cost RM million	4Q25	4Q24	% YoY	% Split	3Q25
Op. Workforce	78	70	11%	37.0%	77
Depreciation	48	48	0%	22.9%	49
Fuel	36	38	-5%	16.9%	34
M&R	23	27	-14%	11.0%	25
Electricity	9	13	-25%	4.5%	11
Others	16	14	15%	7.6%	17
Op. Cost^	**210**	**210**	**0%**	**100%**	**214**

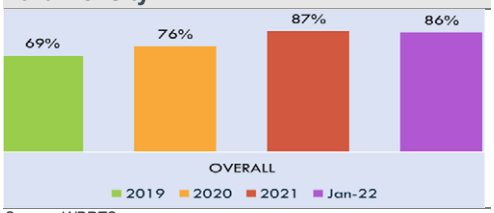
Source: WPRTS

WPRTS TGS Expansion - History

- **WPRTS container storage capacity** can be represented by TGS **which** was 46,922 pre-pandemic
- 4Q20: Invested RM81m for Zone Z (CT9), adding 4,201 TGS
- 4Q21: **Cumulative capex at >RM100m** for additional yard capacity, adding 1,332 TGS. **Cumulative TGS growth: 12%**
- Necessary to address surging yard density from <70% to 100% on occasions during the pandemic. This was primarily due to increased dwell time, which surged from 4-5 days in 2018, to as high as 13 days in Jan 22.

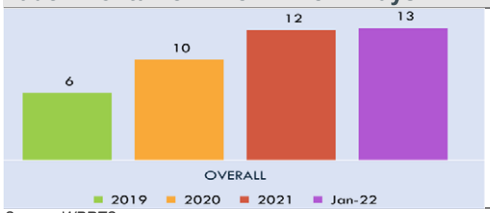
Source: WPRTS

Yard Density



Source: WPRTS

Laden Container Dwell Time in Days



Source: WPRTS

DCF valuation and target price

	Stage 1 (2026-54)	Stage 2 (2054-2070)
EBITDA CAGR (tariff hike)	4.0%	3.0%
EBITDA CAGR (no tariff hike)	3.0%	1.1%
Maintenance Capex (RMm)	110	110
Max Capacity on TEU/hectare	47,550	59,488
Max Capacity on TEU/crane	146,074	182,748
DCF (RMm)	3,800.9	16,118.1
Risk Free Rate		5.0%
Beta (x)		0.9
Tax Rate		25%
Cost of Equity		8.1%
Cost of Debt		4.0%
WACC		7.1%
Enterprise Value (RMm)		19,919.0
- Net Debt, FY26F (RMm)		(299.5)
Target Price, RM		**5.75**

Source: UOB Kay Hian

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	**2,552**	**2,683**	**2,855**	**3,000**
EBITDA	1,690	1,794	1,927	2,030
Deprec. & amort.	287	288	308	328
EBIT	1,002	1,080	1,160	1,210
Total other non-operating income	(8)	0	0	0
Associate contributions	(8)	0	0	0
Net interest income/(expense)	1,296	1,398	1,501	1,567
Pre-tax profit	**(294)**	**(318)**	**(341)**	**(356)**
Tax	0	0	0	0
Net profit	**1,010**	**1,080**	**1,160**	**1,210**
Net profit (adj.)	1,010	1,080	1,160	1,210

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	1,636	1,560	1,476	1,385
Other LT assets	5,678	5,978	6,378	6,778
Cash/ST investment	1,315	1,230	1,421	1,599
Other current assets	264	180	249	346
Total assets	**8,892**	**8,947**	**9,524**	**10,108**
ST debt	937	749	789	822
Other current liabilities	225	150	151	152
LT debt	730	930	1,224	1,517
Other LT liabilities	404	404	404	404
Shareholders' equity	4,169	4,442	4,734	5,040
Total liabilities & equity	**8,892**	**8,947**	**9,524**	**10,108**

Cash Flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	**1,291**	**1,469**	**1,211**	**1,480**
Pre-tax profit	1,296	1,398	1,501	1,567
Tax	(254)	(318)	(341)	(356)
Deprec. & amort.	287	288	308	328
Associates	(3)	(3)	(4)	(4)
Working capital changes	81	(154)	16	14
Other operating cashflows				
Investing	**(523)**	**(610)**	**(650)**	**(689)**
Capex (growth)	(538)	(134)	(134)	(134)
Proceeds from sale of assets	(50)	(500)	(500)	(500)
Others	64	24	(16)	(56)
Financing	**(890)**	**(605)**	**(663)**	**(700)**
Dividend payments	(752)	(808)	(867)	(905)
Issue of shares	0	0	1	2
Proceeds from borrowings	50	444	444	444
Loan repayment	(225)	(150)	(150)	(150)
Others/interest paid	37	(91)	(91)	(91)
Net cash inflow (outflow)	**55**	**(4)**	**167**	**159**
Beginning cash & cash equivalent	**729**	**784**	**780**	**948**
Changes due to forex impact	48	0	0	0
Ending cash & cash equivalent	**832**	**780**	**948**	**1,107**

Key Metrics

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	63.5	67.6	68.2	69.4
Pre-tax margin	49.9	51.9	52.8	54.0
Net margin	30.5	31.7	33.1	35.0
ROA	14.8	15.8	16.5	17.4
ROE	30.4	31.7	33.1	35.0
Growth				
Turnover	26.5	33.3	43.5	55.3
EBITDA	47.2	65.0	79.3	97.6
Pre-tax profit	47.4	61.7	76.8	95.9
Net profit	37.2	48.6	62.4	80.0
Net profit (adj.)	37.2	48.6	62.4	80.0
EPS	37.2	48.6	62.4	80.0
Leverage				
Debt to total capital	28.3	28.3	33.3	37.5
Debt to equity	28.3	28.3	33.3	37.5
Debt to total capital	28.3	28.3	33.3	37.5
Debt to equity	28.3	28.3	33.3	37.5

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